
Finance Committee

HB 2283

Brief Description: Providing sales and use tax exemptions to eligible data centers located in a rural county as defined in RCW 82.14.370(5).

Sponsors: Representatives Santos, Armstrong, Condotta, Ericks, Ormsby and Kelley.

Brief Summary of Bill

- Provides a sales and use tax exemption for server equipment, and temperature, climate, and power infrastructure for use in a computer data center located in a rural county.
- Requires an annual report detailing wages, employment, and employer-provided health and retirement benefits.
- Requires a business claiming the sales and use tax exemption to demonstrate a threshold amount of increased employment, capital, and related investment in the state within six years.

Hearing Date: 2/27/09

Staff: Jeff Mitchell (786-7139)

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.5 percent depending on the location.

Summary of Bill:

A sales and use tax exemption is provided for sales of server equipment, and temperature, climate, and control infrastructure. To qualify the equipment and infrastructure must be installed at a data center with at least 20,000 square feet of floor space and be located in a rural county.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The exemption applies to the purchase of equipment and infrastructure made after July 1, 2011. The exemption also applies to labor and services rendered in respect to installing server equipment and installing, constructing, repairing, altering, or improving temperature, climate, and control infrastructure. A business must submit an application to the Department of Revenue to claim the exemption.

A business claiming the sales and use tax exemption must file an annual report detailing wages, employment, employer-provided health and retirement benefits, employment levels, and the amount spent on capital expenditures and other expenditures related to the data center.

A business must demonstrate increased employment in the state equal to or in excess of 35 family wage jobs within six years after the server equipment is installed at the computer data center. Within six years after a computer data center becomes operational, a business must demonstrate that expenditures related to the data center equal or exceed \$200 million.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.